
Reports and Testimony: October 1996

Highlights

Aviation Safety

Although both new and established airlines experience infrequent accidents, new airlines have higher rates, on average, than do established carriers. This does not mean that new airlines do not provide safe transportation, but it does demonstrate the need for better targeting of the Federal Aviation Administration's limited inspection resources. Page 18.

Medicare HMO Data

Nearly 4 million Medicare beneficiaries have opted to join health maintenance organizations, yet Medicare does not provide them with comparative consumer guides that are routine with employer-based health insurance plans. Comparative information is available and should be packaged and distributed to help consumers choose among competing Medicare HMOs. Page 4.

Nuclear Nonproliferation

The United States in 1994 formed an international consortium to replace North Korea's nuclear reactors with a type that cannot be as easily used to produce materials for nuclear weapons. GAO cautions that the new reactors should not be commissioned until full liability protection is in place to protect consortium members from damages in case of a nuclear accident. Page 12.

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19961127 006

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Education

Intercollegiate Athletics: Status of Efforts to Promote Gender Equity

GAO/HEHS-97-10, Oct. 25 (42 pages).

More than 100,000 American women now participate in intercollegiate athletics each year—a four-fold increase since enactment of title IX of the Education Amendments of 1972, which prohibits sex discrimination in intercollegiate athletics at colleges and universities receiving federal financial assistance. Some have seen this increase as a move toward “gender equity” in athletics, while others point out that a gap still remains in overall opportunity between men’s and women’s programs. This report discusses (1) the steps that the Department of Education and the National Collegiate Athletic Association have taken since 1992 to promote equity between men and women participating in intercollegiate athletics, (2) the steps that states have taken to promote gender equity in athletic programs at colleges, and (3) what existing studies show about the progress made since 1992 in promoting gender equity in intercollegiate athletics.

Energy

Department of Energy: Unethical Conduct at DOE’s Yucca Mountain Project

GAO/OSI-96-2, Sept. 30 (19 pages).

Congress created the Office of Civilian Radioactive Waste Management within the Department of Energy (DOE) to manage the disposal of highly radioactive waste generated at civilian nuclear power plants. The centerpiece of the disposal program is the Yucca Mountain Site Characterization Project, whose purpose is to determine whether the Yucca Mountain site in Nevada is suitable for permanent disposal of highly radioactive waste. Allegations have been raised about conflicts of interest at the Yucca Mountain Project. A similar issue surfaced in 1987 involving the Office’s top management and the award of the project’s management contract. This report examines whether DOE properly implemented or adequately enforced federal standards of ethical conduct and DOE ethics regulations at the project.

Environmental Protection

Peer Review: EPA's Implementation Remains Uneven

GAO/RCED-96-236, Sept. 24 (26 pages).

Peer review is the critical evaluation of scientific and technical work products by independent experts. Senior officials at the Environmental Protection Agency (EPA) have said that peer review is an important mechanism for enhancing the quality, credibility, and acceptability of products that may ultimately form the basis of regulations and other key agency decisions. Properly implemented, peer review can also save money by steering product development along the most efficient, effective course, thereby avoiding costly and time-consuming delays. EPA's current policy, issued in June 1995, expands the agency's prior policies and practices and continues to stress that major scientific and technical work products should be peer reviewed. This report assesses EPA's (1) progress in implementing its peer review policy and (2) efforts to improve the peer review process.

International Environment: U.S. Funding of Environmental Programs and Activities

GAO/RCED-96-234, Sept. 30 (40 pages).

In recent decades, nations have entered into an increasing number of agreements to address environmental concerns, both regional and global. Since 1972, when more than 130 countries took part in the United Nations Conference on the Human Environment, the number of such agreements in which the United State participates or in which it has a significant interest has swelled from fewer than 50 to more than 170. Accompanying the rise in the number of international agreements has been an increase in spending by the world community to deal with transboundary environmental issues. Members of Congress have raised concerns about the absence of consolidated budget information on the funding of international environmental activities by the federal government. This report discusses the overall level of federal funding for international environmental activities, including specific programs, treaty negotiations, information exchanges, conferences, and research. GAO identifies (1) funding by individual federal agencies and (2) federal financial support for the environmental programs and activities of the United Nations, the World Bank, and other multilateral financial institutions.

Government Operations

Inspectors General: Handling of Allegations Against Senior OIG Officials

GAO/OSI-97-1, Oct. 15 (26 pages).

This report reviews the handling of allegations of misconduct made against senior officials between 1990 and 1995 at the 28 Offices of Inspector General (OIG) with a presidentially appointed Inspector General. Members of Congress have raised concerns about how the President's Council on Integrity and Efficiency and the OIG have handled allegations against senior OIG officials. GAO discusses whether the Council or the OIGs had policies and procedures for handling such allegations and whether the allegations and resulting investigations were handled according to these policies and procedures. Executive Order No. 12993—"Administrative Allegations Against Inspectors General"—was signed in March 1996, and GAO notes its effect on the handling of allegations against Inspectors General and their senior staff.

U.S. Postal Service: Revenue Losses From Express Mail Accounts Have Grown

GAO/GGD-97-3, Oct. 24 (27 pages).

The Postal Service's Express Mail corporate accounts allow customers to deposit money with the Service for use as needed to pay for Express Mail delivery services. Concerns have been raised in Congress about the Service's controls over these accounts, in part because some customers allegedly obtained Express Mail services using bogus accounts that were not caught by the Service. This report discusses (1) whether there is any basis for the allegation about account abuse and (2) what steps the Service is taking and could take to help avoid or minimize account revenue losses.

Health

Medicare: HCFA Should Release Data to Aid Consumers, Prompt Better HMO Performance

GAO/HEHS-97-23, Oct. 22 (60 pages).

Until recent years, nearly all Medicare beneficiaries received care through a fee-for-service arrangement, with benefits and cost-sharing provisions standardized nationwide. Today, however, nearly 4 million beneficiaries

have opted for health maintenance organizations (HMO), Medicare's leading managed care alternative. Although HMOs must cover the benefits available under traditional fee-for-service Medicare, they differ from one another in the provision of additional benefits, required premiums, provider networks, and ability to satisfy members. As a result, beneficiaries need reliable information to pick the plan that is right for them. Some beneficiaries do not understand even the basic difference between traditional Medicare and HMOs and may confuse HMOs with supplemental "Medigap" insurance. Moreover, some HMO sales agents have misled or used other questionable marketing practices to enroll poorly informed beneficiaries. This report reviews (1) the performance of the Health Care Financing Administration (HCFA), which administers Medicare, in providing beneficiaries with enough information on Medicare HMOs and (2) the usefulness of readily available HCFA data to caution beneficiaries about poorly performing HMOs.

Medicaid:

Oversight of Institutions for the Mentally Retarded Should Be Strengthened

GAO/HEHS-96-131, Sept. 6 (32 pages).

Medicaid provides more than \$5 billion each year to support state institutions that house and care for the mentally retarded. Despite federal standards, serious quality-of-care problems exist at some institutions. Insufficient staffing, lack of treatments to enhance patients' independence and functional ability, and deficient medical and psychiatric care are some of the shortcomings that have been cited most frequently. In a few cases, these practices have led to injuries, illness, physical degeneration, and even death for some residents. States, which play a key role in ensuring that these institutions meet federal standards, do not always identify serious deficiencies and sometimes do not take adequate enforcement measures to prevent the recurrence of poor care. Although the Health Care Financing Administration has tried to improve the process for spotting serious deficiencies in these institutions and has sought to make more efficient use of limited federal and state resources, oversight weaknesses persist. Moreover, state surveys may lack independence because states are responsible for surveying their own institutions. This potential conflict of interest raises concern given the decline in direct federal oversight of both care in these facilities and the performance of state surveying agencies.

**Medicaid:
States' Efforts to Educate and Enroll Beneficiaries in
Managed Care**

GAO/HEHS-96-184, Sept. 17 (32 pages).

With managed care now being increasingly offered as an option for Medicaid recipients, reports of marketing abuses by managed care organizations have grown, prompting several states to restrict direct marketing efforts by managed care organizations. GAO found that some managed care organizations and their agents have engaged in unscrupulous practices to maximize beneficiary enrollment—and thereby boost plan revenues and commissions. These practices include bribing public officials to obtain confidential information on beneficiaries, paying beneficiaries cash and providing other incentives to sign up, deliberately misinforming beneficiaries about access to care, and enrolling ineligible beneficiaries—as many as 4,800 in one state. To avoid these problems, many states have banned or restricted direct-marketing activities by managed care organizations and have retained responsibility for enrolling or disenrolling Medicaid beneficiaries. This report provides detailed information on four states—Minnesota, Missouri, Ohio, and Washington—with innovative education and enrollment programs.

**Long-Term Care:
Some States Apply Criminal Background Checks to Home
Care Workers**

GAO/PEMD-96-5, Sept. 27 (24 pages).

Persons needing assistance with daily activities generally prefer home- and community-based services to nursing homes, and increasing numbers of elderly and disabled persons are turning to paid home care workers for such services. Home care workers have frequent, unsupervised access to potentially vulnerable people and their property. This report examines the federal and state provisions that protect vulnerable elderly and disabled persons from home care workers with histories of crime and patient abuse. GAO describes (1) federal or state requirements for licensure, registration, or certification that apply to home care workers and organizations; (2) the extent to which states have used the federally mandated registry for nursing home aides or a similar mechanism to identify home care workers with past involvement in abuse, neglect, or

misappropriation of property; and (3) the extent to which states have required criminal background checks of home care workers.

**Drug and Alcohol Abuse:
Billions Spent Annually for Treatment and Prevention Activities**

GAO/HEHS-97-12, Oct. 8 (68 pages).

Federal, state, and local governments, along with the private sector, reported contributing several billion dollars annually to substance abuse treatment and prevention programs, with a large part going to treatment services. This estimate, however, probably understates total contributions because these groups do not report their overall giving to treatment and prevention efforts. A host of programs in 16 federal agencies cover a range of treatment and prevention services and often target specific populations, such as youths, women, and veterans. Generally, treatment services include diagnostic assessment, detoxification, and counseling. Prevention activities usually include education on the consequences of and alternatives to alcohol abuse and illicit drug use. Examples of federal programs that provide treatment and prevention services include the Pregnant and Postpartum Women and Infants program and the Safe and Drug-Free Schools and Communities program.

Income Security

**Social Security:
Union Activity at the Social Security Administration**

GAO/HEHS-97-3, Oct. 2 (42 pages).

The Social Security Administration (SSA), like other federal agencies and some private sector firms, pays for approved time spent by its employees on union activities. SSA has a special fiduciary responsibility to effectively manage and maintain the integrity of the social security trust funds from which most of these expenses are paid. In a time of shrinking budgets, it is crucial that SSA, as well as other agencies, evaluate how resources are being spent and have reliable monitoring systems to support this evaluation. To ensure accurate tracking of time spent on union activities and the staff conducting these activities, SSA has developed and is testing a new time-reporting system for its field offices and teleservice centers. GAO believes that the new system should be implemented agencywide. With an improved agencywide system, SSA management should have better information on where its money is being spent.

**Private Pensions:
Most Employers That Offer Pensions Use Defined
Contribution Plans**

GAO/GGD-97-1, Oct. 3 (38 pages).

In response to congressional interest in possibly changing the structure of federal employee retirement plans, this report provides information on the approaches that private sector employers are using to provide their employees with retirement benefits and the extent to which these approaches may be changing. GAO describes (1) the numbers and types of pension plans sponsored nationwide by private employers during 1984 to 1993, (2) the proportions of total contributions made to these plans by employers and employees, (3) the average administrative expense for the plans, and (4) the explanations provided in retirement literature on why employers might decide to sponsor a particular type of pension plan.

**Social Security Disability:
Improvements Needed to Continuing Disability Review Process**

GAO/HEHS-97-1, Oct. 16 (112 pages).

**Social Security Disability:
Alternatives Would Boost Cost-Effectiveness of Continuing
Disability Reviews**

GAO/HEHS-97-2, Oct. 16 (112 pages).

The Social Security Administration (SSA) is required to conduct periodic examinations, called continuing disability reviews, to determine whether the health of a person receiving disability benefits has improved to the point where the person is no longer considered disabled. Together, the disability insurance and the supplemental security income programs pay about \$60 billion annually to 9 million disabled beneficiaries; another 1.6 million nondisabled dependents of beneficiaries also receive benefits. GAO's analysis of persons awaiting such reviews supports SSA's contention that there is little chance that a large proportion of beneficiaries will show enough medical improvement to no longer be considered disabled. As a result, if SSA is to decrease long-term reliance on these programs as the primary source of income for the severely impaired, it will need to rely less on assessing medical improvement and more on return-to-work programs to better gauge the potential for self-sufficiency. GAO believes that a more

cost-effective approach to conducting reviews might involve (1) focusing on beneficiaries with the greatest likelihood of benefit termination because of medical improvement, (2) reviewing a random sample of all other beneficiaries to correct a weakness in SSA's process, and (3) contacting beneficiaries not selected for a review or a financial eligibility redetermination to strengthen program integrity.

**Child Support Enforcement:
States' Experience With Private Agencies' Collection of
Support Payments**

GAO/HEHS-97-11, Oct. 23 (20 pages).

States are turning to private firms to collect child support payments because they are finding it increasingly difficult to handle their growing child support enforcement caseloads with existing staff and budgets. Most states pay contractors only if collections are made, and payments to contractors are often a fixed percentage of collections. For example, in fiscal years 1994 and 1995, contractors in nine states collected nearly \$60 million and were paid about \$6 million. For families receiving welfare, most of the child support collected is kept by the government; in effect, the government is reimbursed for welfare payments made to families. Families not on welfare get most of the support collected. The split in collections between the federal and state governments depends first of all on the federal government's share of welfare payments within each state. The more the federal government pays in relation to the state, the more it gets back from child support collections. However, the net amount actually returned to the federal government is also reduced by performance incentives paid to the states and the share of child support enforcement program administrative costs picked up by the federal government. In the 11 contracts GAO reviewed, the federal government's financial outcomes ranged from a net cost of about \$242,000 to revenues of \$1.2 million.

**Child Support Enforcement:
Reorienting Management Toward Achieving Better
Program Results**

GAO/HEHS/GGD-97-14, Oct. 25 (48 pages).

Each year, millions of Americans seek help in obtaining child support services from the Department of Health and Human Service's Office of

Child Support Enforcement and state child support programs. The Office reported an estimated caseload of about 20 million custodial parents seeking such services through the child support enforcement program in 1995—a 50-percent increase over the 1991 caseload. States collected nearly \$11 billion in child support payments in 3.8 million cases, or about 19 percent of the caseload. GAO reported in 1994 that the child support enforcement program lacked essential management tools that would allow it to improve its responsiveness to the child support needs of children and families. GAO recommended that the Office focus its program management on long-term outcomes by (1) strengthening its partnership with state and local child support enforcement programs, (2) developing its own management strategies for achieving national program goals, (3) reorienting its audit functions to assess state program results, and (4) redesigning the federal incentive funding structure to provide greater incentives for better state performance. This report assesses the Office's progress in responding to GAO's recommendations.

**Supplemental Security Income:
SSA Is Taking Steps to Review Recipients' Disability Status**

GAO/HEHS-97-17, Oct. 30 (48 pages).

In response to frequent allegations of fraud, waste, and abuse in the supplemental security income (SSI) program, Congress has become concerned that ineligible persons may be receiving disability benefits. For example, GAO confirmed that ineligible, non-English-speaking applicants were illegally obtaining benefits through the use of middlemen, who provide translation or other services for a fee to help individuals apply for benefits. (See GAO/HEHS-95-116, Aug. 1995.) Concerns about this program also stem from sharp rises in the number of SSI recipients in recent years. This report examines the Social Security Administration's (SSA) strategy for conducting legally required continuing disability reviews on SSI recipients. GAO answers the following questions: What steps is SSA taking to conduct these reviews in fiscal years 1996 through 1998? What resources has SSA committed to meeting this requirement, and what additional resources, if any, are needed? How does SSA select recipients for SSI continuing disability reviews? What are the potential benefits of conducting these reviews on the SSI population? What options exist for improving the review process?

Information Management

Air Traffic Control: Good Progress on Interim Replacement for Outage-Plagued System, but Risks Can Be Further Reduced

GAO/AIMD-97-2, Oct. 17 (37 pages).

During the past year, air traffic control centers have experienced a series of outages, some of which were caused by the Display Channel Complex (DCC)—a mainframe computer system that processes radar and other data into images on controllers' screens. These outages, which were traced to old, out-of-production equipment, have disrupted air traffic, producing costly airline delays because air traffic control centers must reduce traffic volumes to compensate for lost system capability. These outages are likely to become increasingly disruptive as the availability of DCC spare parts and repair technicians shrink. The Federal Aviation Administration (FAA) has made good progress in replacing DCC with an interim system, known as DCC Rehost. Although key acquisition milestones, events, and risks remain, FAA is now on track to deliver promised capabilities ahead of schedule and within budget. FAA's success ultimately depends, however, on how well it carries out key remaining tasks, such as system-level testing, and how effectively it manages known acquisition risks. Two risks associated with upcoming concurrent system-level testing—contention for human test resources and test baseline configuration change control—are not being formally managed, and FAA has few assurances that either risk will be carefully and effectively mitigated.

Information Technology: Streamlining FHA's Single Family Housing Operations

GAO/AIMD-97-4, Oct. 17 (23 pages).

The Secretary of Housing and Urban Development has proposed a major overhaul of the agency's programs and operations during the next several years. One proposal is to cut staff at the Federal Housing Administration (FHA) by more than 50 percent by the year 2000. Information technology figures prominently in FHA's plans to streamline its single family operations, boost efficiency, and meet mandated staff reductions. Thus far, the planned actions are consistent with, but are not as extensive as, efficiency improvements taken by leading mortgage industry organizations. FHA's streamlining efforts, however, are in the early stages and, as other efforts continue, FHA will be deciding on specific operational changes, information technology applications, and management controls

that will determine the efficiency and effectiveness of its operations and the achievement of staff reductions. In doing so, it can use the recently enacted Information Technology Management Reform Act of 1996 to establish an effective framework for making these information technology decisions.

International Relations

Nuclear Nonproliferation: Implications of the U.S./North Korean Agreement on Nuclear Issues

GAO/RCED/NSIAD-97-8, Oct. 1 (63 pages).

Unless adequate liability protections are put in place, the United States, Japan, and South Korea—members of an international consortium created in 1994 to replace North Korea's nuclear reactors—could be pressured into paying nuclear damage claims arising from an accident at a North Korean reactor. Recognizing the importance of this issue, the consortium has laid the groundwork for securing adequate liability coverage and has pledged not to deliver the fuel and start up the reactors until consortium members are fully protected. Under the "Agreed Framework," North Korea has agreed to stop operating and constructing its reactors and eventually dismantle them. In turn, the consortium will replace North Korea's graphite-moderated reactors with light-water reactors, which are preferred because they do not produce materials as easily used to make nuclear weapons. The Agreed Framework is a nonbinding political agreement. Therefore its pledges—including those involving financial outlays—are not legally enforceable. Agreements of this type do not require Congress' prior involvement or approval and, as GAO has suggested in the past, can have the effect of pressuring Congress to appropriate money to implement an agreement with which it had little involvement. GAO notes that North Korea's existing electricity distribution system will need to be modernized to distribute the power generated by the two light-water reactors being provided. Upgrading the power grid could cost as much as \$750 million. The United States and the consortium contend that North Korea is responsible, but North Korea has yet to legally obligate itself to pay, leaving open the possibility that North Korea may try to pressure others to pay for the upgrade in the future.

**Vietnamese Asylum Seekers:
Refugee Screening Procedures Under the Comprehensive Plan
of Action**

GAO/NSIAD-97-12, Oct. 21 (52 pages).

The United States has a continuing special interest in the protection and welfare of many Vietnamese and other ethnic groups in Southeast Asia (including former employees of the U.S. government and others closely linked to the U.S. presence in Vietnam before 1975) and family members of persons now in the United States. Since 1975, the United States has resettled hundreds of thousands of asylum seekers from the region, including nearly 13,000 Indo-Chinese refugees under the Comprehensive Plan of Action (CPA), which was an arrangement for achieving a long-lasting solution to the continuing flow of asylum seekers in Southeast Asia. This report reviews the implementation of the CPA. GAO (1) determines whether the first-asylum countries of Hong Kong and Indonesia implemented CPA refugee status determination procedures in accordance with international standards and criteria, (2) provides information on alleged corruption in the program, and (3) ascertains whether asylum seekers returning to Vietnam were persecuted. GAO also discusses U.S. and United Nations High Commissioner for Refugees costs associated with implementing the CPA.

Testimony

Nuclear Weapons: Russia's Request for the Export of U.S. Computers for Stockpile Maintenance, statement for the record by Harold J. Johnson, Associate Director for International Relations and Trade Issues, before the Subcommittee on Military Procurement, House Committee on National Security. GAO/T-NSIAD-96-245, Sept. 30 (five pages).

This statement for the record provides information on proposed exports of U.S. high performance computers to Russian nuclear laboratories. GAO discusses the policies affecting cooperation between the United States and Russia on nuclear warhead safety and security under a Comprehensive Test Ban Treaty and Russian officials' requests for access to U.S. high performance computer exports to conduct work under this treaty.

Justice and Law Enforcement

Federal Firearms Licensee Data: ATF's Compliance With Statutory Restrictions

GAO/GGD-96-174, Sept. 11 (76 pages).

The Bureau of Alcohol, Tobacco and Firearms (ATF) issues various categories of federal firearms licenses, including those for manufacturers, importers, and dealers of firearms. Firearms dealers licenses are granted to dealers and pawnbrokers who sell guns at wholesale or retail and to gunsmiths who repair firearms. This report, the last in a series of GAO reports on ATF, reviews ATF's compliance with legislative restrictions on maintaining federal firearms licensee data. Concerns have been raised that ATF has not been complying with the restrictions on centralizing and consolidating data from federal firearms licensee records. GAO (1) identifies and describes the ATF data systems that contain retail firearms purchaser data and (2) determines whether ATF's Out-of-Business Records System and Multiple Sales System comply with the legislative data restrictions. GAO also assesses ATF's overall legal interpretation of the data restrictions.

National Defense

Defense Acquisition Infrastructure: Changes in RDT&E Laboratories and Centers

GAO/NSIAD-96-221BR, Sept. 13 (39 pages).

In fiscal year 1994, the Pentagon spent more than \$22 billion—about eight percent of its total budget for fiscal year 1994—through 55 military service research, development, engineering, test, and evaluation (RDT&E) laboratories and centers worldwide. These facilities employ a workforce of nearly 115,000 personnel—95,000 civilian and 20,000 military. This report reviews the Defense Department's (DOD) RDT&E infrastructure. GAO (1) discusses previous studies on DOD's laboratory infrastructure to determine what steps DOD has taken to implement earlier recommendations and (2) analyzes data on RDT&E infrastructure funding, workforce composition, and operating costs. GAO also provides preliminary observations on lessons learned from successful consolidations that may apply to the federal laboratory infrastructure.

**Acquisition Reform:
The Government's Market Research Efforts**

GAO/NSIAD-97-3, Oct. 11 (31 pages).

Market research is the process used to collect and analyze data about capabilities in the market that could satisfy a government agency's procurement needs. This report reviews (1) existing federal government market research efforts regarding commercial items and nondevelopmental items and (2) the feasibility of creating a governmentwide database for storing, retrieving, and analyzing market data.

**B-2 Bomber:
Status of Efforts to Acquire 21 Operational Aircraft**

GAO/NSIAD-97-11, Oct. 22 (31 pages).

Seeking to control the cost of its \$45 billion B-2 bomber program, the Air Force has scaled back combat testing of the radar-evading aircraft in order to complete all flight tests by July 1997; however, a host of factors still jeopardize the Air Force's ability to complete flight testing on schedule. This is GAO's third report discussing the Air Force's progress in acquiring B-2 aircraft. GAO (1) highlights recent program changes; (2) discusses program funding and current cost estimates; and (3) shows the progress achieved in the flight test program, production, and modification efforts.

**DOD Force Mix Issues:
Converting Some Support Officer Position to Civilian Status Could
Save Money**

GAO/NSIAD-97-15, Oct. 23 (20 pages).

GAO recommended in 1994 that the Defense Department (DOD) study ways to convert support positions from military to civilian status because federal civilian personnel cost the military less than military personnel of roughly equal grade and rank. Although DOD agreed with GAO's recommendation, it converted no positions on the basis of this work. DOD did convert about 3,200 positions by the end of fiscal year 1996 to comply with the requirement in the Fiscal Year 1996 National Defense Authorization Act to convert at least 3,000 positions. This report presents the results of a similar analysis of commissioned officer positions using

fiscal year 1996 end strength data. This is a first step toward identifying officer positions that perform certain support and administrative functions as candidates for civilian conversion.

**Aviation Requirements:
DOD Should Reassess the Marine Corps' Helicopter
Modernization Decision**

GAO/NSIAD-97-1, Oct. 30 (nine pages).

In deciding to modernize its fleet of utility helicopters, the Marine Corps did not adequately consider the economic benefits of increased commonality that could be achieved by buying an alternative utility helicopter like the Blackhawk. The Marine Corps evaluated a Blackhawk derivative and found it to be a desirable alternative to the upgraded Huey, but concluded that the up-front procurement costs would be a major impediment and the support costs would be too high. GAO found that purchasing the Blackhawk derivative may be the Pentagon's most cost-effective alternative. A May 1996 Defense Department (DOD) study shows that the Blackhawk's life-cycle cost is \$200 million more than that of the Huey upgrade, and a September 1996 DOD study determined that the cost to acquire the Blackhawk derivative would be about \$450 million more than the Huey upgrade. GAO's analysis, however, indicated that by increasing the total annual buy of Blackhawk derivatives, DOD could save as much as \$717 million in research and development and procurement costs. These savings could be used to offset the Marine Corps' increased procurement and life-cycle costs.

**Acquisition Reform:
Implementation of Title V of the Federal Acquisition Streamlining
Act of 1994**

GAO/NSIAD-97-22BR, Oct. 31 (27 pages).

Congress has long been concerned that acquisition practices at federal agencies are wasteful and add billions to acquisition costs. For example, cost overruns of more than 100 percent have been reported in Defense Department (DOD) and Federal Aviation Administration programs. This report reviews how DOD and civilian agencies have implemented the performance-based acquisition and management provisions of title V of the Federal Acquisition Streamlining Act of 1994. Title V is intended to foster the development of measurable cost, schedule, and performance

goals as well as incentives for acquisition personnel to reach these goals. GAO discusses (1) the status of DOD's and civilian agencies' implementation of title V requirements, (2) the agencies' progress in implementing title V in the required time frames, and (3) significant obstacles and barriers to effective implementation.

Natural Resources

Bureau of Reclamation: An Assessment of the Environmental Impact Statement on the Operations of the Glen Canyon Dam

GAO/RCED-97-12, Oct. 2 (213 pages).

Since the Glen Canyon Dam, located in northern Arizona, was completed by the Bureau of Reclamation in 1963, it has been used to generate power during periods of high demand—commonly known as peaking power. The fluctuating releases of water associated with the dam's peaking power operations have raised concerns about the harmful effects such flows have on downstream areas, particularly the Grand Canyon. In 1989, the Bureau of Reclamation was directed to prepare an environmental impact statement that would reevaluate the Glen Canyon Dam's operations. The purpose of the reevaluation was to determine options for operating the dam that would minimize the harmful effects on the downstream environmental and recreational resources, as well as on Native American interests in the Glen and Grand canyons, while still allowing the dam to produce hydropower. The Bureau issued its final environmental impact statement in March 1995. This report examines (1) whether the Bureau's impact determinations were reasonable and (2) what concerns still exist about the Glen Canyon Dam's final environmental impact statement.

Tax Policy and Administration

Tax Administration: Alternative Filing Systems

GAO/GGD-97-6, Oct. 16 (48 pages).

Millions of Americans continue to file tax returns each year even though most have fully paid their taxes through the withholding system. Taxpayers in at least 36 other countries with tax withholding systems are not required to prepare income tax returns because these countries use alternative filing systems not currently available in the United States. This report (1) estimates how many U.S. taxpayers would not have to prepare

returns under a tax agency reconciliation filing system, (2) identifies the operational characteristics of such a system, (3) discusses the pros and cons of such a system for taxpayers and the Internal Revenue Service, and (4) points out any major impediments to or costs associated with establishing this type of filing system under the current federal tax laws. GAO focuses on a tax agency reconciliation type system because it would not require any tax law changes while a final withholding type system would.

**Tax Administration:
FedState Efforts Offer Opportunities but Program
Needs Improvement**

GAO/GGD-97-16, Oct. 31 (22 pages).

The income tax laws of many states are built upon the federal tax code. Consequently, cooperation between the Internal Revenue Service (IRS) and state tax agencies offers opportunities for achieving IRS' strategic goals of increasing taxpayer compliance with tax laws, improving taxpayer service, lessening the burden on taxpayers, and increasing the efficiency of tax administration. IRS and the states are aware of the advantages of working together and have been involved in a federal/state (FedState) cooperative program for years. This report discusses the potential benefits of the FedState program, conditions that may jeopardize the program's success, and concerns raised by state officials about the potential impact of IRS' latest reorganization of the FedState program.

Transportation

**Aviation Safety:
New Airlines Illustrate Long-Standing Problems in FAA's
Inspection Program**

GAO/RCED-97-2, Oct. 17 (48 pages).

New airlines, on average, have experienced higher accident rates and more Federal Aviation Administration (FAA) enforcement actions than have established airlines. This does not mean that new airlines are unsafe, but it does argue for better targeting of FAA's limited inspection resources. During the five-year period GAO reviewed, FAA policies did not require new airlines to be monitored any differently than established airlines, and actual inspection rates varied widely among new airlines. GAO believes that the performance of new airlines should be closely monitored during their

first years of operations and that airlines with greater safety risks should be targeted for more comprehensive inspections. On a broader scale, serious problems continue to hamper the effectiveness of FAA's safety inspection program. Although FAA has tried to better target its inspection resources and has reevaluated safety inspector training and work assignments, several unresolved issues remain. Resource constraints resulting from budget cuts in such areas as safety inspector training present a continuing challenge for FAA. GAO believes that recent FAA initiatives, such as its 90 Day Safety Review, may significantly improve the inspection program, but only if they are effectively implemented. Public concern about the safety of the nation's aviation system has escalated recently as a result of the ValuJet and TWA crashes, and several groups have urged FAA to publish safety data for specific airlines. GAO agrees that the time has come for FAA to begin the process that would lead to the publishing of such information for use by the traveling public.

Aviation Safety:

**FAA Generally Agrees With but Is Slow in Implementing
Safety Recommendations**

GAO/RCED-96-193, Sept. 23 (59 pages).

The Federal Aviation Administration (FAA) is responsible for promoting safety in civil air transportation. GAO and the Transportation Department's Office of Inspector General review FAA's safety programs, and the National Transportation Safety Board (NTSB) investigates aviation accidents. The three organizations make recommendations to FAA aimed at improving the efficiency and effectiveness of FAA's activities and functions and at improving aviation safety. This report answers the following two questions: What is FAA's overall record in responding to, agreeing with, and implementing significant recommendations made by GAO and the Inspector General from 1990 to 1994, as well as recommendations made by NTSB or added to NTSB's "Most Wanted" lists of safety recommendations during that same period? To what extent have GAO's recommendations concerning aircraft certification, airline inspections, and oversight of foreign carriers and NTSB's recommendations concerning safety on runways been fully implemented?

International Aviation:

DOT's Efforts to Promote U.S. Air Cargo Carriers' Interests

GAO/RCED-97-13, Oct. 18 (80 pages).

The value of U.S. exports and imports moving by air totaled \$355 billion in 1995, accounting for 27 percent of all U.S. trade. U.S. all-cargo airlines carried about 60 percent of the freight hauled by U.S. airlines. But all-cargo airlines often face obstacles to operating abroad that lessen their efficiency and effectiveness. This report answers the following questions: What are the problems that all-cargo airlines face in doing business overseas, and what steps have the affected airlines and the U.S. government taken to resolve these problems? To what extent has the U.S. government addressed air cargo issues in policymaking and during bilateral aviation negotiations, and what are the possibilities for separating negotiations of air cargo services from broader negotiations that include passenger services?

**State Infrastructure Banks:
A Mechanism to Expand Federal Transportation Financing**

GAO/RCED-97-9, Oct. 31 (36 pages).

Public spending on highways and bridges totaled about \$40 billion in 1993, the most recent year for which data are available. The Department of Transportation (DOT), however, believes that this investment falls far short of what is needed. DOT estimates that an additional \$16 billion is needed each year simply to maintain—not improve—the nation's highways at 1993 levels. Postponing investment can increase costs. DOT estimates that deferring \$1 in highway resurfacing for just two years can require \$4 in highway reconstruction costs to repair the damage. To stretch limited federal funds, Congress has authorized some innovative financing mechanisms, including a State Infrastructure Bank Pilot Program in up to 10 states. These banks are intended to complement traditional transportation grant programs and provide states with greater flexibility to offer many types of financial assistance, such as loans and subsidized interest rates, and provide bonds or other debt-financing security tailored to fit a project's specific needs. This report provides an early snapshot of states' interest in establishing these banks. GAO identifies (1) the degree of states' interest in the pilot program and how states might use the banks and (2) the benefits and the barriers to states' using the banks. GAO also summarizes information on states' interest in using other innovative financing mechanisms that are contained primarily in the National Highway System Designation Act of 1995.

Veterans Affairs

Vocational Rehabilitation: VA Continues to Place Few Disabled Veterans in Jobs

GAO/HEHS-96-155, Sept. 3 (31 pages).

Despite legislation requiring the Department of Veterans Affairs (VA) to find suitable employment for disabled veterans and GAO reports urging VA to implement this requirement, VA continues to place few veterans in jobs. During the past five years, VA rehabilitated about eight percent of the 74,000 veterans eligible for vocational rehabilitation program services. Moreover, the characteristics of program participants are changing. For example, only about one in four veterans in the vocational rehabilitation program has a serious employment handicap, and this ratio has been steadily declining. Moreover, VA lacks data on the cost of providing rehabilitation services to individual veterans. GAO's review of more than 100 case files, however, showed that VA spent an average of about \$20,000 on each veteran who gained employment and about \$10,000 on each veteran who dropped out of the program. Generally, more than half of the total costs consisted of payments covering veterans' basic living expenses. GAO's analysis of data for the Department of Education's state vocational rehabilitation program shows that, during the past five years, state agencies rehabilitated 37 percent of the 2.6 million persons eligible for vocational rehabilitation services. Moreover, most program participants had severe disabilities. The states spent, on average, about \$3,000 on each client who achieved employment and about \$2,000 on each client who dropped out of the program; the state program does not cover client living expenses.

VA Health Care: Opportunities to Significantly Reduce Outpatient Pharmacy Costs

GAO/HEHS-97-15, Oct. 11 (55 pages).

All pharmacies run by the Department of Veterans Affairs (VA) provide medications and medical supplies that are available over the counter through other local outlets. The most frequently dispensed over-the-counter products include (1) medications, such as aspirin and insulin; (2) dietary supplements, including Sustacal and Ensure; and (3) medical supplies, such as alcohol prep pads, lancets, and glucose test strips. Unlike VA, public and private health plans cover few, if any, over-the-counter products for their beneficiaries. VA pharmacies dispensed over-the-counter products more than 15 million times during fiscal year

1995 at an estimated cost of \$165 million, including handling costs of \$48 million. VA recovered about \$7 million through veterans' copayments, or about four percent of its total over-the-counter costs. Although many veterans shared a modest portion of the costs and some paid the full amount, most veterans paid nothing. GAO suggests several ways that VA could cut costs associated with dispensing over-the-counter products or boost revenues from copayments. First, VA could more narrowly define when to provide over-the-counter products. Second, VA could more efficiently dispense over-the-counter products and collect copayments. Third, VA facilities could further reduce the number of over-the-counter products available to veterans on an outpatient basis. Finally, Congress could expand copayment requirements.

VA Health Care:

Improving Veterans' Access Poses Financial and Mission-Related Challenges

GAO/HEHS-97-7, Oct. 25 (24 pages).

The Department of Veterans Affairs (VA) runs one of the nation's largest health care delivery systems, including more than 170 hospitals and more than 200 free-standing clinics. Veterans must often travel long distances, however, to receive care at these facilities. VA has a policy encouraging its hospitals to improve access to care for eligible veterans. As a result, many hospitals have either planned or established new, fee-standing outpatient clinics, known as "access points." Access points provide primary care to veterans and generally refer those needing specialized services or inpatient stays to VA hospitals. This report examines VA's policy for establishing access points. GAO discusses the legal, financial, and mission-related implications of VA's efforts to establish access points.

Special Publications

GAO Reports:

Health, Education, Employment, Social Security, Welfare, and Veterans Issues

GAO/HEHS-97-29W, Oct. 1996 (23 pages).

This monthly bibliography lists GAO documents on health, education, employment, social security, disability, welfare, and veterans issues. One section summarizes reports and testimony issued during the past month. Another section lists the titles of all documents issued during the past four

months, organized chronologically by subject. Order forms are included, as is a list of issue area experts who can answer questions about specific reports.

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